



Genworth®
Financial



BUY NOW...OR WAIT AND SAVE?

When Buying Now Makes Sense

Natalie and Jason are currently renting a small 2 bedroom apartment, however but are looking to buy a house in the coming years. At the moment they are paying \$375 a week in rent, and their real estate agent has suggested they should expect rental increases of 3% over the next few years. Ideally, they would like to buy a modest 2 bedroom house, around 20km from the CBD, with a budget of \$340,000.

They aren't sure whether they should buy a house now, with lower deposit, or wait and save more to reduce their monthly repayments and lower their lenders mortgage insurance costs.

Combined, Natalie, a teacher, and Jason, a mechanic, have an annual pre-tax income of \$110,000. Over the last few

years, they have managed to save \$40,000 towards a deposit.

This deposit would mean that, if they purchased a home now, they will need to borrow 92.2% of the

keep savings for new furniture.

Using Genworth's Buy Now or Wait and Save Tool, Natalie discovered that it would take them just over 7 years to save

Natalie & Jason - At a Glance

Ideal Property Value: \$340,000

Deposit: \$40,000

Property Growth Rate: 4%

Current Rent: \$375 per week

Outcome: It will take just over 7 years to save a 20% deposit. Alternatively, if they buy now, in 7 years time they will own their own home and have over \$152,000 in equity.



property's value. As their deposit is less than 20%, they would need to pay a lenders mortgage insurance premium. They could pay the upfront cost of LMI of approx \$7,150 however Natalie would rather pay an additional \$52 per month on top of their mortgage repayments and

a 20% deposit. If they bought now, they could have built up over \$152,000 in equity as well as owning their own home, rather than continuing to rent and save a 20% deposit.*

*Based on certain assumptions regarding property growth rates and interest rates.

The right partner makes all the difference

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